

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 11, 2011

TO: Honorable Mike Hamilton, Chair, House Committee on Licensing & Administrative Procedures

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1809 by Thompson (Relating to the registration of diagnostic imaging equipment, the accreditation of diagnostic imaging facilities, and the regulation of diagnostic imaging providers; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1809, As Introduced: a negative impact of (\$4,468,295) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$2,303,513)
2013	(\$2,164,782)
2014	(\$2,164,903)
2015	(\$2,165,022)
2016	(\$2,165,148)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2011
2012	(\$2,368,073)	\$64,560	2.5
2013	(\$2,209,167)	\$44,385	2.5
2014	(\$2,209,288)	\$44,385	2.5
2015	(\$2,209,407)	\$44,385	2.5
2016	(\$2,209,533)	\$44,385	2.5

Fiscal Analysis

The bill would add a chapter to the Occupations Code requiring the Department of State Health Services (DSHS) to register diagnostic imaging facilities; exemptions are provided. The certificate of registration would expire two years after the issuance date. Facilities are not required to be registered until March 1, 2012. The bill would establish civil penalties.

The bill would require providers that perform diagnostic imaging services for referring health care providers to report to DSHS the identity of each provider, whether that provider is an investor in the diagnostic imaging facility and the exact nature of the investment interest, the total number of patients

receiving services and referred by the provider, and additional claims data required by DSHS. If the facilities fail to comply with the reporting requirement, DSHS could impose an administrative penalty of not more than \$1,000 per violation. Revenue gain from this penalty would be deposited into a separate account outside the state treasury. The Officer of the Attorney General (OAG), at DSHS' request, would be authorized to collect the penalties assigned under this section and recover reasonable expenses incurred in obtaining the penalty.

The bill would require DSHS to conduct a study with the data collected and submit a report on the findings of the study to the lieutenant governor and speaker of the House of Representatives by January 1, 2013.

No later than January 1, 2012 the executive commissioner of the Health and Human Services Commission shall adopt rules to implement the bill.

The bill would take effect September 1, 2011.

Methodology

DSHS estimates that 1,614 existing diagnostic imaging facilities would be issued certificates of registration by March 1, 2012. DSHS would, with authority provided in current statute, divide the issuance of the initial licenses between one-year and two-year licenses. All renewals would then be for two years, as required by the bill. Calculations do not include an increase in the number of facilities. Calculations assume that each facility would submit an annual report of the data required by the bill.

Costs listed below for DSHS would be partially offset by fees (deposited to the General Revenue Fund). The fee for a two-year certificate is \$55 (\$25 for the one-year certificate) to be collected in fiscal year 2012. The fee for a certificate renewal, valid for two years, would be \$55 and collected in fiscal years 2013 and beyond. This would result in increased revenue to the State of \$64,560 in fiscal year 2012 and \$44,385 in each fiscal year thereafter.

Total costs for DSHS, including expenses related to FTEs, data collection, and technology are estimated to be \$2.4 million in All Funds in fiscal year 2012 and approximately \$2.9 million in fiscal years 2013-2016. DSHS would need 2.5 FTEs per fiscal year to perform registration and data collection activities, conduct the study, and prepare the report required by the bill.

The Office of the Attorney General indicates that any costs to implement the provisions of the bill could be absorbed by current resources.

Technology

DSHS estimates costs in fiscal year 2012 of \$22,500 to modify the licensing software to add the diagnostic imaging centers, \$120,000 to modify current data collection systems, and \$2,150 for analytical software.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 537 State Health Services, Department of

LBB Staff: JOB, AG, VJC, NB